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**COMMUNICATION FROM THE COMMISSION**

**on EU-Canada Relations**

## **1. INTRODUCTION**

### **1.1. Context**

In their joint statement at the EU-Canada Summit in Ottawa on 19 December 2002, Commission President Romano Prodi, then President of the Council Anders Fogh Rasmussen and Canadian Prime Minister Jean Chrétien announced a comprehensive review of relations between the EU and Canada for the following year, with a view to further strengthening and deepening of ties between the EU and Canada. This Communication is the European Commission's first contribution to that review.

Much has happened since EU-Canada relations were last reviewed in 1996. Since then the EU Treaty has undergone two major revisions and the European single currency has become a reality. Far-reaching changes are also on the horizon, with the impending enlargement of the European Union, and further changes to the Treaty likely following the publication of the conclusions of the Convention and the subsequent Inter-Governmental Conference. A review of EU-Canada relations at this juncture is necessary in order to adapt the relationship to the many changes that have taken place in the last decade, and to put the relationship on a firm footing for the challenges and opportunities ahead.

The bonds that tie Europe and Canada remain uniquely strong. In addition to their long-standing historical and cultural links, Europeans and Canadians share common values that underpin the fundamental nature of their societies in the 21st century. Both in the way in which we address the challenges facing our societies from within, and in our dealings with the rest of the world, European and Canadian approaches are founded upon a shared set of values. Trade and economic issues still play a central role in EU-Canada relations. But the scope of EU-Canada co-operation has moved far beyond the strictly trade and economic sphere into fields that were not foreseen when the 1976 EC-Canada Framework Agreement was signed.

Co-ordinating our actions, both domestically and internationally, can bring added value to both the European Union and Canada, as well as for the wider international community. Nowhere is this more true than in the field of international relations, where both Canada and the EU take seriously their roles in defence of the multilateral system and the international rule of law. The EU values highly Canada's continued commitment to strong multilateral institutions, which finds concrete expression in Canada's accomplished tradition of peace-keeping and in the presence of Canadian aid workers across the world. This Communication seeks to examine ways in which the EU and Canada can work more closely and systematically together to reinforce the relevance of multilateral institutions at a particularly challenging time.

The EU and Canada are determined to continue to strengthen the economic ties that bind them, and to enhance trade and investment flows between them. To this end, leaders agreed at the 19 December 2002 Ottawa Summit to begin work on a new type of forward-looking, wide-ranging bilateral trade and investment enhancement agreement. This Communication sets out some preliminary thinking on the potential contents and scope of such an agreement. In addition, Canada and the EU agreed at the December summit to intensify our bilateral regulatory dialogue and to work towards a new framework in this field.

## **2. THE EU AND CANADA WORKING TOGETHER**

### **2.1. The Evolution of EU-Canada Co-operation**

The European Community's relationship with Canada dates back to 1959, when an Agreement was concluded between the Government of Canada and the European Atomic Energy Community for co-operation in the peaceful uses of atomic energy (Euratom's oldest international agreement). Then in 1976 the Framework Agreement for Commercial and Economic Co-operation between the European Communities and Canada was concluded: the Community's first co-operation agreement with an industrialised country. In the years since then, the EU's co-operation with Canada has spread far beyond the limited scope of the 1976 Framework Agreement, despite the fact that this agreement still provides the principal legal basis for the formal relationship between the EU and Canada. In order to facilitate co-operation across a far broader range of policy areas, political declarations were adopted in 1990<sup>1</sup> and again in 1996.<sup>2</sup>

The EU and Canada now meet in a variety of fora to take forward their co-operative agenda. Twice a year meetings take place at Foreign Minister level, as well as regular Summit meetings between the Presidency of the European Council, the President of the Commission and the Prime Minister of Canada. The annual meeting of the Joint Co-operation Committee (JCC) established by the 1976 Framework Agreement meets back-to-back with informal meetings of senior officials in the fields of Justice and Home Affairs (JHA). In addition, bi-annual consultations are held between the EU political directors troika and the Canadian political director,<sup>3</sup> as are regular meetings between Canadian officials dealing with security and defence issues and an EU troika representing the Political and Security Committee. Meetings also take place between Canadian and EU troika experts within specific EU Council working group formations, and frequent expert-level contacts take place on a range of regulatory and sectoral policy issues.

The issues dealt with in these various fora range across the three pillars of EU competence: they include bilateral trade issues, sectoral policy issues, scientific and technological co-operation, competition matters, regulatory co-operation, transport and environment policy co-operation, asylum and migration; working together for peace and stability in the Balkans, Afghanistan, sub-Saharan Africa; and establishing police co-operation and exploring possibilities for closer judicial criminal co-operation. It is increasingly difficult, if not impossible, to keep co-operation under the various pillars distinct, given the cross-cutting issues that demand attention both in Brussels and in Ottawa. This trend has accelerated in the period since the terrorist attacks on the United States of 11 September 2001, with foreign policy and justice and home affairs considerations imposing themselves on a number of traditional 'First Pillar' activities, including trade, transport policy and data privacy.

There is a growing need for improved co-ordination of our relations with Canada. We also need to adapt the structure of our dialogue with Canada in order to maximise the mutual benefits derived from our co-operation. It is sometimes argued that our dialogue at present is 'top heavy', with too many meetings at senior level which take place amid an atmosphere of great good will but which result in relatively little in terms of concrete collaboration. The profound mutual respect that exists between the EU and Canada, and the community of values

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<sup>1</sup> "Declaration on European Community-Canada Relations"

<sup>2</sup> "Joint Political Declaration on EU-Canada Relations"

<sup>3</sup> On occasion this meeting has been held back to back with the JCC and the informal meeting on JHA.

so often cited, gives rise to a high degree of agreement across the bilateral agenda. There is a need to harness this agreement more effectively, so that it translates into concrete advantages and achievements for both the EU and Canada when we work together. Rather than bring sides together to note their agreement, Europeans and Canadians need to work together in a more operational and less formal fashion in order to take advantage of common approaches to issues, both domestic and in the field of external relations.

In 1996, the EU and Canada adopted a Joint Action Plan, with four headings for co-operation: economic and trade relations; foreign policy and security issues; transnational issues; and fostering links.<sup>4</sup> Much has been achieved under the Action Plan, from resolving bilateral trade issues, to launching joint projects, to co-operating in third countries. The Action Plan provides a flexible framework for co-operation across all fields, also in the future. Without an effective structure to manage it, though, the Action Plan is little more than a convenient way of bringing a diverse collection of joint activities under a single heading. At present, the Action Plan reflects potential for co-operation between the EU and Canada, but it does not guide it. In order to realise the potential of the Action Plan, and by extension the full potential of the EU-Canada relationship, a guiding hand is needed.

## **2.2. Strengthening Co-operation on International Issues**

### *2.2.1. Strengthening Co-operation under the EU's Common Foreign and Security Policy*

Recent events on the international stage have focused attention on one area of co-operation under the Action Plan in particular: strengthening co-operation on global issues. Both the European Union and Canada are committed to strong multilateral institutions and the international rule of law. The European Union values highly the role played by Canada in the creation of the International Criminal Court; in the negotiation of the 1997 Ottawa Convention banning anti-personnel landmines; in the July 2001 UN conference on small arms; and in its pursuit of human security across the world (exemplified by Canada's participation in the EU Police Mission in Bosnia-Herzegovina, and by its ongoing commitment to the International Security Assistance Force in Afghanistan). The European Union, like Canada, attaches great importance to the role of the United Nations in maintaining world peace and the international rule of law. In recent years, there has been a high correlation in the voting record of EU Member States and Canada at the United Nations. During the current session of the UN General Assembly, on proposals for resolutions where EU Member States have formed a consensus, Canada has voted with EU Member States 96% of the time (50 out of 52 resolutions). Where EU Member States were not able to form a consensus, Canada has voted in line with the majority of EU Member States on the majority of occasions (ten out of sixteen such occasions).<sup>5</sup> The EU also values its regular and close co-operation with Canada in the OSCE, where they share the same views on most issues.

New developments in international affairs, most notably the events surrounding the entry into force of the Rome Statute creating the International Criminal Court, and other occasions where the position of the United Nations has been undermined, have shown the importance of the EU and Canada acting together to defend multilateral institutions. Together, the European Union and Canada set an important example for third countries to follow. By working together, the EU and Canada can also influence the debate in other third countries.

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<sup>4</sup> <http://www.delcan.cec.eu.int/english/2C2.cfm>

<sup>5</sup> Votes cast during 57th UN General Assembly, at time of writing. Source: European Commission's Delegation to the United Nations.

As the EU's Common Foreign and Security Policy matures, the importance of EU-Canada co-operation and co-ordination will continue to grow. The emergence of a European Security and Defence Policy (ESDP) has brought an important new field of co-operation to the EU-Canada relationship. This area is a prime candidate for closer, more systematic and action-oriented co-ordination between the EU and Canada.

Since the creation of the Joint Action Plan in 1996, the EU and Canada have undertaken efforts to co-ordinate their foreign and security policies. They have issued joint statements on Small Arms and Anti-Personnel Mines (December 1999)<sup>6</sup>; on Human Security: Peace-Building and Conflict Prevention (June 2000)<sup>7</sup>; on Defence and Security (December 2000); on Non-Proliferation, Arms Control and Disarmament (June 2001); and on Cooperation in UN Fora (June 2001). Given their common interest in promoting multilateralism, the EU and Canada need to move beyond issuing joint statements – as important as these are in establishing a common voice on the international stage – and develop an operational, day-to-day method of working together to deliver concrete results. For example, where both the EU and Canada plan to make political representations to third countries on an issue where there is common ground, it makes sense that Canadian and EU diplomats should remain in close contact to co-ordinate their moves. Such close co-ordination at an operational level requires systematic and regular contacts between diplomats.

#### *2.2.2. Strengthening Co-operation in the area of Development*

Development co-operation is a central element in the EU's external policy. Development policy is an area where the EU and Canada share the idea of a new global framework: the Development Goals on poverty reduction, access to primary education, health and other basic services, as well as sustainable development, contained in the UN Millennium Declaration. The EU welcomes the role played by Canada in using its chairmanship of the G8 to launch the Africa Action Plan in 2002, as well as its contribution to the successful World Summit for Sustainable Development in Johannesburg in 2002, and the International Conference on Financing for Development in Monterey that preceded it.

Development issues have been singled out by successive EU-Canada Summits as being a high common priority. At the December 2000 Summit both sides issued a statement on Development Co-operation. This has led to an improved EU-Canada dialogue, in particular on issues linked to the UN Conferences, NEPAD, Afghanistan and to the level and effectiveness of aid. The task is now to translate the results of our dialogue into operational reality, including the exchange of staff and the production of common assessments.

The EU and Canada, along with other donors, are changing the way that their development assistance is programmed and implemented. This includes focusing much more on local ownership of strategies and interventions in developing countries and a partnership-based approach. We are also shifting away from stand-alone projects to sector-based programming and budgetary support. The EU and Canada both favour the accelerated development of harmonised procedures as a key prerequisite for sector-wide programming. There is a need to maintain the momentum gained in this regard through the work of the OECD Development Assistance Committee (DAC)'s Task Force on Donor Practices. Canada and the EU should co-operate in the international arena with a view to achieving concrete progress in the harmonisation of donor practices.

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<sup>6</sup> [http://www.europa.eu.int/comm/external\\_relations/canada/summit\\_12\\_99/small\\_arms.htm](http://www.europa.eu.int/comm/external_relations/canada/summit_12_99/small_arms.htm)

<sup>7</sup> [http://www.europa.eu.int/comm/external\\_relations/canada/summit\\_06\\_00/hum\\_sec\\_stat.htm](http://www.europa.eu.int/comm/external_relations/canada/summit_06_00/hum_sec_stat.htm)

The EU and Canada have also committed to implement the DAC's recommendation to untie aid to all Least Developed Countries. The Commission will work with Canada to examine the scope for moving beyond the DAC's recommendation.

### **2.3. Enhancing our Economic & Trade Relations**

Canada and the EU have a good and long-standing trading relationship, based on a shared belief that trade is one of the keys to increased prosperity and welfare, not only for our societies but also for the international community at large. While differences of view over certain specific issues are inevitable from time to time between two such active trading partners, our underlying approach to trade remains the same: Canada and the EU are strongly committed to trade liberalisation based on a strong values-based multilateral trading system for the benefit of both developed and developing countries.

Close bilateral co-operation between the EU and Canada in the WTO helped to achieve the successful launch of a new round of negotiations at Doha. Canada and the EU now accord high priority to the successful conclusion of negotiations in all areas by the end of 2004, as well as the provision of the appropriate assistance to developing countries to ensure that not only can they participate fully in the negotiations, but that they can fully implement the results and benefit from the outcome in terms of real integration into the world economy.

The trade and investment relationship between Canada and the EU has experienced significant improvement over the years, both in “quantitative” and “qualitative” terms.<sup>8</sup> The EU has for many years been Canada’s second most important trading partner. The EU is also the second source of foreign investment in Canada. For over twenty-five years, the EU and Canada have been working hard, both bilaterally and in a multilateral context, to liberalise transatlantic trade. As a result, traditional barriers to trade such as tariffs play an increasingly minor role in our bilateral trade. The EU and Canada now need to turn their attention to other remaining obstacles.

The EU-Canada Trade Initiative (ECTI) was established in 1998 to enlarge upon the trade chapter of the 1996 Joint Action Plan, and to promote closer co-operation on both bilateral and multilateral trade issues. While ECTI addresses a wide range of issues, including regulatory issues, intellectual property rights, competition, and government procurement, sufficient progress has not been achieved in all these areas, and further work needs to be done in order to ensure full implementation of existing agreements. A new impulse is therefore needed to take the economic relationship between the EU and Canada into the 21st century.

In December 2001, the Canadian Government and the European Commission agreed to conduct parallel business surveys in order to identify remaining barriers to bilateral trade and investment, and the appropriate means to remove them. Both surveys indicated that both European and Canadian business communities perceive each other’s markets as being globally open. These surveys also confirmed that the major impediments to EU-CAN trade

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<sup>8</sup> Bilateral trade in goods has nearly tripled since 1980, with an increase of more than 40% between 1998 and 2001 (from 6.8 billion ECU in 1980 to 18 billion euros in 2001). Trade in services follows the same trend, with an increase of 39% between 1998 and 2000 (from €10.1 billion to €14.1 billion). Two-way investment has also experienced a strong growth and has become the most dynamic element of the transatlantic relationship. While its economic relationship with the United States easily overshadows Canada’s other trading relationships, accounting for 79% of Canada's trade in 2002 (compared to 7.5% for the EU), trade and investment flows between the EU and Canada are far from negligible. The EU is currently the second investor in Canada after the US. (Sources: Eurostat; Canadian Government)

and investment flows are related to regulations, traditional market access barriers such as tariffs and quotas playing only a minor role.

The shared objective of strengthening the bilateral trade and investment relationship was confirmed by the commitment given by Canada and the EU at the December 2002 Ottawa Summit to work on the design of "a new type of forward-looking, wide-ranging bilateral trade and investment enhancement agreement." This agreement will seek to respond to the new challenges we will face in the twenty-first century with an agreement on bilateral trade and investment between two open and developed economies, going beyond traditional market access barriers. Such an agreement, in combination with the anticipated results of the Doha Development Agenda (DDA), would have much more to offer than a classical free trade agreement.

With the objective of determining the "architecture" of the agreement (i.e., the areas to be addressed and broad objectives for each of those areas) by the next EU-Canada summit to be held in Ottawa (December 2003), the European Commission considers that the Trade and Investment Enhancement Agreement (TIEA) should address regulatory issues related to trade in goods and in services and market access issues not addressed in DDA negotiations (including access to government procurement), as well as so-called "new generation" issues. Given the increasingly major role played by investment in the bilateral relationship, measures to facilitate two-way investment should also be envisaged.

The EU and Canada have already developed a close working relationship on regulatory issues, with the conclusion of several agreements (including the 1997 Customs Co-operation Agreement, the 1998 Mutual Recognition Agreement, the 1999 Veterinary Agreement and the 1999 Competition Agreement).

Given that our respective business surveys have identified regulatory barriers as being the foremost remaining impediments to EU-Canada trade and investment, Canada and the EU agreed at the Ottawa summit in December 2002 to intensify our regulatory dialogue and to work towards a new framework in this field. Both Canada and the EU want to find ways for regulators to co-operate when developing technical regulations that may have an impact on trade. To this end, we are preparing an Action Plan for regulatory co-operation. The Commission plans to host a keynote event to relaunch the regulatory dialogue with Canada during 2003, involving representatives of stakeholders. This dialogue will allow European and Canadian regulators to benefit from each others' experience and ideas in producing better regulations, while at the same time avoiding unnecessary regulatory differences. The TIEA would ultimately build upon the outcome of this intensified regulatory co-operation.

#### **2.4. Strengthening other aspects of EU-Canada Co-operation**

Political co-operation between the EU and Canada has spread across the range of policies covered by the Treaties. In addition to the Common Foreign and Security Policy, three other policy fields show particular potential for enhanced action-oriented co-operation between the EU and Canada: justice and home affairs; the environment; and education and culture.

The 1996 Action Plan significantly expanded the scope of EU-Canada co-operation in the field of **Justice and Home Affairs** (JHA), identifying four areas for joint work: migration and asylum; the fight against terrorism; combating international organised crime, drug trafficking and 'cybercrime'; and co-operation in legal matters. In December 2000 in Ottawa the EU and Canada issued a Joint Statement on co-operation in justice and home affairs, building on the 1996 Action Plan and strengthening further their collaboration in this field. In

the aftermath of the terrorist attacks on the US of 11 September 2001, justice and home affairs co-operation has moved still further up the agenda. Negotiations on a Europol-Canada co-operation agreement, including the transfer of personal data, are in their final phase. Also, both sides have agreed to explore the possibilities of EU-Canada agreements on extradition and mutual legal assistance. In this field, the EU and Canada share similar concerns and priorities. While there is naturally a special emphasis at present on co-operating with each other and with third countries in the fight against terrorism, the EU and Canada recognise that this fight must be conducted with full respect for the rule of law, human rights and fundamental freedoms as these are the defining features of the societies we are striving to protect. In this respect we will pay particularly close attention to issues of data privacy.<sup>9</sup>

Asylum and migration are also areas where the EU and Canada have an interest in looking at ways to intensify their dialogue and co-operation. With further globalisation, movements of people across the globe and between Europe and North America are expected to increase over coming years. The successful management of these movements will require intensified international co-operation. At the same time there are significant challenges facing the international protection of refugees. The Agenda for Protection, as approved by the UN High Commission for Refugees' Executive Committee in autumn 2002, presents important guidelines for the strengthening of policies which are relevant to both the EU and Canada. As the EU works to establish a common policy in the areas of asylum and migration, Canada with its strong tradition in these fields, including the integration of immigrants into Canadian society, is a key partner for dialogue and co-operation.

In the field of Justice and Home Affairs, the Commission will:

- explore the scope for deepening the EC-Canada dialogue on migration and asylum and look for ways to promote concrete co-operation;
- contribute to the conclusion of negotiations on a Europol-Canada co-operation agreement at the earliest opportunity, including the transfer of personal data;
- actively support work to assess the potential for EU-Canada agreements on extradition and mutual legal assistance.

The **preservation of the environment** was a key theme of the 1996 Action Plan. In recent years the environment has moved from being primarily a domestic political issue to become a central preoccupation of the international community. Canada has been a crucial partner for the EU in pressing the case for international action to combat climate change and other crucial environmental issues facing the world. The European Commission congratulates Canada on its ratification of the Kyoto Protocol<sup>10</sup> and looks forward to working with Canada to ensure its success. The EU will also work closely with Canada to move the global fight against climate change forward into its next phase: ensuring that all developed countries shoulder their responsibilities to limit greenhouse gas emissions, and working to bring developing countries also on board. Both the EU and Canada are committed to the success of the Doha

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<sup>9</sup> In December 2001 the European Commission issued a Decision on the adequate protection of personal data provided by the Canadian Personal Information Protection and Electronic Documents Act (Commission Decision 2002/2/EC of 20.12.2001, OJ L 2/13 of 4.1.2002). This Decision allows EU operators to send personal data to recipients in Canada who are subject to this Canadian Act without additional safeguards being needed to meet the requirements of the EU Data Protection Directive 95/46/EC.

<sup>10</sup> December 2002

Development Round of multilateral trade negotiations, and to the integration of environmental considerations into the multilateral trading system. The EU and Canada also share a particular concern for the environmental challenges facing northern regions, notably increasing levels of persistent organic pollutants (POPs) and nuclear waste. The European Commission recognises the important role played by Canada in the negotiations which led to the adoption of the Stockholm Convention on Persistent Organic Pollutants in May 2001. The sustainable exploitation, management and conservation of fisheries also constitutes a common goal for the EU and Canada.

There is a need to intensify our international co-operation with Canada also in the field of the environment, and to bring our collective resources to bear upon the problem. As well as working together on the international stage, the EU and Canada consult bilaterally on a range of environmental issues. Regular high level consultations on the environment take place between the European Commission and Canada (most recently in July 2002).

In the field of the environment, the Commission will:

- work with Canada in international fora to maintain the issue of climate change at the top of the international agenda;
- work more closely with Canada in the implementation of the commitments of the World Summit on Sustainable Development in 2002;
- work with Canada to ensure that environmental considerations are integrated into the multilateral trading system under the Doha Round;
- work with Canada in international fora, notably the North West Atlantic Fisheries Organisation, to ensure the sustainable exploitation, management and conservation of the world's fisheries.

Another field of political co-operation to which this Communication seeks to bring particular attention is the field of **education, culture and youth**. This is an area in which both the EU and Canada have long worked together, beginning with the 1990 Political Declaration, followed by the 1995 EU-Canada Agreement on Higher Education and Training (renewed in 2000), and a further reference in the 1996 Joint Declaration on EU-Canada Relations, as well as a chapter in the Joint Action Plan and regular references to education and culture in subsequent Summit statements. To date, the key instrument for EU-Canada co-operation in the field of education has been the Co-operation Programme in Higher Education and Training established under the Agreement, and through which the European Commission has issued grants for a number of joint projects between European and Canadian higher education establishments. This programme runs until the end of 2005; the European Community and Canada should therefore begin considering now the future of the Agreement after 2005. Separately, under a 1999 call for proposals, the European Commission financed the establishment of four Institutes of European Studies in Canadian Universities.<sup>11</sup> Similar grants will be awarded to five such institutions in the autumn of 2003 under a new call for proposals. In addition, the Commission has actively supported the creation of Jean Monnet Chairs in Canadian Universities. In 1998 the European Commission also launched a training

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<sup>11</sup> Two joint projects (in Montreal by McGill and Université de Montréal, and in Toronto by York and University of Toronto) and a further two at the University of British Columbia in Vancouver and in Ottawa at Carleton University.

programme to provide internships for young Europeans in small or medium-sized companies in Canada ('Acadia'). The European Commission attaches great importance to fostering links between young people as the key ingredient for future good relations between the people of Europe and Canada. To this end, European Commission President Romano Prodi announced his intention at the December 2002 EU-Canada Summit in Ottawa to broaden opportunities for exchanges of young people between the EU and Canada. The EU also looks forward to the participation of Canadian students in the Erasmus World Programme once it is launched in 2004, as well as the participation of Canadian educational institutions in partnership with participating institutions in the EU.

With respect to culture, the EU and Canada have unique ties of history and language. The EU and Canada attach particular importance to the diversity of cultures, in an age where cultural diversity is increasingly threatened by globalisation. Since 1998 the European Commission and Canadian authorities have worked together to explore the potential for co-operation in the cultural and audiovisual fields. Also, there is a need for the EU and Canada to reinforce their co-operation in multilateral fora to ensure that the value of cultural diversity is recognised and safeguarded. In the field of education, culture and youth, the European Commission will:

- explore ways to broaden exchanges between young people in the EU and Canada;
- work together with Canada to promote the recognition of cultural diversity within multilateral fora;
- work with Canada to establish the future of the co-operation programme in higher education and training after 2005;
- continue to explore the possibility of developing co-operation in the audiovisual and cultural fields that complement current bilateral activities implemented by Member States and where Community action provides a European added value.

Two further fields of co-operation to which this Communication wishes to bring particular attention are **transport** and **scientific and technological co-operation**.

**Transport** issues continue to feature high on the EU-Canada agenda. In the field of aviation, a recent judgement by the European Court of Justice makes it essential to amend bilateral aviation agreements between EU Member States and their trading partners such as Canada. This is necessary in order to reflect the development of Community legislation and the need to open the traffic rights available under bilateral agreements to all Community air carriers on a non-discriminatory basis. The Community and Canada will need to consider how these adjustments can be made and to what extent this reform of our air transport relations should be used as an opportunity to progress towards more open and integrated transatlantic market. In the field of air transport security, the EU and Canada are working together to promote international measures to facilitate the travel of legitimate passengers.

With respect to the GALILEO satellite navigation programme, Canada has shown an interest in participating in the GALILEO Joint Undertaking through its national space agency. Canada's involvement in the programme would potentially go beyond that of a 'Cooperating State' with the European Space Agency. Canada is a participant in the Galileo studies managed by the European Commission and the European Space Agency.

In the field of maritime transport services, the EU and Canada share major carriers and shippers interests, which significantly affect their bilateral trade, transatlantic trade and global sea-borne trade in general. To this end the Commission will co-operate closely with Canada in order to implement current and future shipping policy objectives. In particular, the Commission will:

- work with Canada to promote maritime safety and protect the maritime environment, by co-ordinating positions for future legislative action on a bilateral level and within the relevant international fora;
- work with Canada to enhance maritime transport security, by co-operating to ensure the strict application of globally agreed security measures without negatively affecting the international sea-borne trade;
- work with Canada to liberalise global maritime services still further and to ensure a free and fair competition environment in the maritime transport sector, by co-ordinating positions within relevant multilateral fora (notably the WTO (“Friends of Maritime”) and OECD) and by providing concrete support to the Doha Development Agenda in respect to maritime transport services.

The EU and Canada enjoy a close co-operative relationship in the field of **Science and Technology** (S&T). Potential exists nevertheless to improve our co-ordination of related policies and objectives. The Agreement on scientific and technological co-operation signed by the EU and Canada in 1996 (amended in 1998) continues to provide a firm platform for dialogue in this area. However subsequent EU-Canada Summits have called for "a more strategic approach" to the S&T relationship to focus efforts on named thematic areas of co-operation. At their Summit in Toledo on 8 May 2002, the EU and Canada agreed "to intensify their efforts ... to bring science policies closer to our citizens and to put science at the heart of policy making." The Commission therefore intends to:

- work with Canada to hold thematic workshops to examine areas of collaboration in those fields referred to in the Summit Declaration of 19 December 2002;<sup>12</sup>
- encourage Canada to facilitate the funding of Canadian members of successful consortia under the Community's Sixth Framework Programme for Research and Development;
- explore with Canada the best means of assisting Canadians and Europeans to gain access to research and development funding both from the EU and from the Government of Canada.

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<sup>12</sup> Environment, including climate change, environmental monitoring, sustainable development, and resource management; biotechnology, specifically genomics and health applications; the information society; food safety, including risk analysis associated with food-related diseases and allergies, effective risk management strategies along the production chain and methods of analysis, detection and control; nanotechnologies and nanosciences, multifunctional materials, processes and products; and space including its key facilitation role in earth observation, telecommunications, and navigation.

### **3. EQUIPPING THE EU-CANADA RELATIONSHIP FOR ACTION**

The EU-Canada relationship has sometimes been accused of failing to deliver results in keeping with the scale of its ambition. Certainly, there is scope for the EU and Canada to achieve more together on the international stage, given the level of coherence in European and Canadian interests and values. The European Commission's priorities for cooperation with Canada have been set out above under Section 2 of this Communication. However, if these priorities are to be translated into concrete results, the EU and Canada need to put structures in place to manage their cooperation more effectively. Meetings at high level must be more objective-oriented, while contacts at lower level should be more frequent, less formal and more delivery-oriented.

From the Commission's perspective, a number of options present themselves for upgrading the structure of EU-Canada relations:

#### **3.1. Structure of Meetings**

In place of the current multiplicity of fora, it makes sense to bring the overall responsibility for EU-Canada relations under a single roof. Rather than focus upon an annual meeting of the Joint Co-operation Committee, back to back with JHA and CFSP meetings, to cover the whole ground of EU-Canada relations in a single round of high-level contacts, the Commission favours more frequent contacts at expert level, both formal and informal, to take forward the objectives established by politicians and senior officials. The Commission therefore proposed the creation of a Steering Group at working level to ensure the day-to-day running of the EU-Canada relationship in an informal and pragmatic fashion. Senior officials should be presented with a significantly reduced workload, focusing on priority issues for discussion at Ministerial and Summit meetings, and on setting objectives.

#### **3.2. Frequency of Meetings**

Meetings at the highest level are useful to push forward difficult bilateral issues, or where political decisions are needed. Where the relationship functions smoothly at the working level, there may be less need for intervention at the highest levels. In due course, the Council may wish to consider the issue of Summit and Ministerial frequency, once the Steering Group has functioned long enough to allow for an evaluation of this new working method. In any event, it seems appropriate to take advantage of the presence of Leaders and Foreign Ministers at international events during the year, such as the UN General Assembly and G8 Summits, to hold additional *ad hoc* Ministerial and Summit meetings in order to maintain contacts at the highest level.

Contacts at official level should take place frequently and on a regular basis. Given that there is no regular formal contact at this level at present,<sup>13</sup> it would be appropriate for officials steering EU-Canada relations in Brussels and Ottawa to maintain regular contact by tele- or videoconference (at least twice per semester, and *ad hoc* as necessary) in Steering Group format. Various expert level troika meetings on foreign and security policy have become institutionalised (currently twenty-one such meetings take place every year with Canada). Such meetings should continue on an *ad hoc* basis, as and when the need arises. However, they should feed into the formal channel for EU-Canada relations. While 'early warning' and

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<sup>13</sup> Regular formal contacts at expert level do take place in specific technical fields (for example in the field of nuclear co-operation), however contacts at this level in the global context are not formalised.

dispute management would play a role in these contacts, whenever necessary, the emphasis in EU-Canada contacts would be rather on identifying areas of co-operation in advance and ensuring a co-ordinated approach. Such contacts would become increasingly important ahead of major international events, such as meetings of the UN General Assembly, international conferences, or crises.

### **3.3. Institutional Arrangements**

There is a need to establish a single co-ordinating structure to ensure coherence between all strands of EU-Canada relations.

The European Commission has identified two options for upgrading the structures managing the EU-Canada relationship: (A) to revise the 1976 Framework Agreement, giving EU-Canada relations a new legal base; (B) to issue a political declaration setting out the new co-ordinating structure, followed in due course by a revision of the Framework Agreement.

In identifying these two options, the European Commission acknowledges that the 1976 Framework Agreement will have to be revised at some point. A single co-ordinating structure at all levels of the EU-Canada relationship cannot be brought into being under the existing Framework Agreement with its limited scope. Furthermore, over twenty separate Agreements exist between the EU and Canada, independently of the 1976 Framework Agreement, and in some cases establish their own bilateral structures for dialogue (see Annex). In the interests of transparency and good administration, it makes sense to bring these Agreements under a single governing framework for the EU-Canada relationship.

A question mark remains over when this revision of the Framework Agreement should be launched. This would involve a heavy legislative procedure, tying up resources for a number of months, possibly years. Also, the picture is complicated by the ongoing Convention on the future of the EU, which is likely to change the landscape of the CFSP. It might be appropriate to wait for the results of the Convention and the IGC, as well as enlargement, before launching a procedure to bring the legal framework governing EU-Canada relations fully up to date.

So as to ensure minimum disruption to the existing legal framework, existing structures can be adapted for the time being at least to the task of providing a single co-ordinating body.

The existing Joint Co-operation Committee, with its various sub-committees, was created by Article IV of the 1976 Framework Agreement.<sup>14</sup> Its remit is strictly economic and commercial. On the EU side, the JCC is chaired by the Commission, with Member States invited in an observer capacity. With the extension of EU-Canada political cooperation, and the establishment of the Action Plan, parallel structures have been established to deal with issues arising under the Second and Third Pillars, reflecting differing competencies within the EU institutions. These structures sometimes meet back-to-back with the JCC. However, there is no formal link between the three.

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<sup>14</sup> *"A Joint Cooperation Committee shall be set up to promote and keep under review the various commercial and economic cooperation activities envisaged between Canada and the Communities. Consultations shall be held in the committee at an appropriate level in order to facilitate the implementation and to further the general aims of the present Agreement. The Committee will normally meet at least once a year. Special meetings of the Committee shall be held at the request of either party. Sub-committees shall be constituted where appropriate in order to assist the committee in the performance of its tasks."*

Clearly such an arrangement is not viable in the longer term given the need for a single overarching structure to guide EU-Canada relations. As long as the 1976 Framework Agreement remains in place, there is a legal obligation to convene the JCC at least once a year. In due course, the structure of senior-level dialogue should be rationalised with the creation of a single cross-pillar body with a mandate to consider all aspects of the EU-Canada relationship. In the meantime, greater efforts could be made to bring these three dialogue tracks together more systematically in the future, providing a ready-made forum for senior-level consultation.

In the short to medium term, however, a Political Declaration could be used to establish a Steering Group at working level with a cross-pillar mandate. This group would have the function of steering the day-to-day functioning of the EU-Canada relationship, notably the implementation of the Action Plan, providing an action-oriented, informal overall framework at official level that is currently absent. Membership of the Steering Group on the EU side would comprise the Commission and the Presidency, assisted by the Council Secretariat. Reflecting the cross-pillar nature of the group's remit, either the Presidency or the Commission would lead on items within their respective spheres of competence. While the Steering Group would provide an essential overview of EU-Canada relations, it would not replace established channels which continue to function effectively, notably the Trade and Investment Sub-Committee (TISC) of the JCC.<sup>15</sup> The TISC would continue to play a central role in the management of the EU-Canada trade and investment relationship, including the negotiation of a future Trade and Investment Enhancement Agreement (TIEA). The TISC would continue to report to the JCC.

The European Commission therefore believes that Option (B) would be the appropriate way forward at this juncture. There are strong grounds for reviewing the 1976 Framework Agreement, which is now showing its age. However, given the uncertainties deriving from the ongoing work of the Convention, it seems appropriate to wait until the EU's future institutional landscape is more settled before embarking upon this major undertaking. In the meantime, a political declaration will be sufficient to allow existing structures to perform the enhanced coordinating role needed in order to move the EU-Canada relationship onto a more operational footing.

#### 4. CONCLUSION

The formal relationship between the EU and Canada is the oldest with any developed country. In a changing and ever more challenging international environment, the deep ties binding the EU and Canada are more important than ever. As the EU itself approaches a period of unprecedented change, there is a need to reinvigorate the EU-Canada relationship and to set it on a firm footing.

In **functional** terms:

- Existing channels of communication should be upgraded and streamlined. The Commission recommends that the increasingly broad scope of EU-Canada relations should be brought under one overarching structure, managed at working level by a **Steering Group**.

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<sup>15</sup> Other specialised channels devoted to managing EU-Canada relations in technical fields (for example the Euratom/Canada Joint Technical Working Group) would continue to function as separate bodies within the overall guiding framework of EU-Canada relations.

- The legal framework requires updating to reflect the changes which EU-Canada relations have undergone over the last three decades, and to establish the new structure required for the future. The Commission recommends that a **Political Declaration** be made by leaders to this effect, with a **revision of the 1976 Framework Agreement** to take place once the results of the Convention become known.

Carrying out these essential adjustments to the mechanics of our relationship will assist us in rendering EU-Canada co-operation more action-oriented than it is at present. We aim to co-operate more systematically at all levels, to produce concrete results that provide added value to both the EU and Canada. The European Commission sees particular **potential for co-operation** in the following areas:

- The EU and Canada should work together energetically and proactively to project their common values on the international stage. To this end, the EU and Canada should take steps to reinforce their co-operation on **foreign and security policy**. EU and Canadian officials should systematically co-ordinate their positions ahead of major international events and meetings of multilateral institutions.
- Canada is not only a highly valued political partner for the EU, it is a key trading partner. The Commission and Canadian officials have already embarked upon the task of implementing the instructions of the December 2002 Ottawa Summit, to design a forward-looking, wide-ranging **bilateral trade and investment enhancement agreement**. This agreement will address issues beyond traditional market access thus reflecting a new commitment to strengthen bilateral trade and investment flows, while continuing support for the multilateral trading system and projecting our shared community of values.
- Europeans and Canadians share common objectives in the field of **justice and home affairs**, both in terms of the ongoing fight against terrorism, and in the context of safeguarding civil liberties. The movement of people, migration and asylum are also issues which are increasingly cross-cutting. The EU and Canada should intensify their co-operation in all these fields, while drawing on each others' experiences.
- Threats to the **environment** at the local and the global level present a pressing challenge for the international community. The EU and Canada are partners in aggressively moving forward the environmental agenda on the world stage.
- Strong EU-Canada relations need to be constantly reinforced from the bottom up. **Educational and cultural links** between Europeans and Canadians ensure the future strength of our partnership. The European Commission will explore ways to broaden exchanges between young people in Europe and Canada, while continuing to work with Canada on the international stage to ensure that the value of cultural diversity is recognised and safeguarded. The European Commission will continue to work with Canada to explore possibilities for developing co-operation in the audiovisual and cultural fields.

## **List of EU-Canada Agreements**

### **Framework Agreements**

- FRAMEWORK AGREEMENT for Commercial and Economic Cooperation between Canada and the European Communities, 1976
- THE Canada-European Communities Declaration on Transatlantic Relations, 1990
- JOINT Political Declaration on Canada-EU Relations, 1996
- JOINT Canada-EU Action Plan, 1996

### **Sectoral Agreements**

- AGREEMENT between the Government of Canada and the European Atomic Energy Community (EURATOM) for Cooperation in the Peaceful Uses of Atomic Energy
- EXCHANGE of letters between the Government of Canada and the European Atomic Energy Community (EURATOM) to amend the Agreement between the Government of Canada and the European Atomic Energy Community of October 6, 1959 for Cooperation in the Peaceful Uses of Atomic Energy, particularly insofar as it relates to safeguards (with Additional Exchanges of Letters)
- AMENDMENTS to the Agreement of 6 October 1959 (1), in the form of an exchange of letters, between the European Atomic Energy Community (EURATOM) and the Government of Canada for cooperation in the peaceful uses of atomic energy
- AGREEMENT between Canada and the European Atomic Energy Community for cooperation in the area of nuclear research
- MEMORANDUM of Understanding between the European Atomic Energy Community represented by the Commission of the European Communities and the Government of Canada concerning cooperation in the field of fusion research and development
- IMPLEMENTING Agreement between the European Atomic Energy Community represented by the Commission of the European Communities and Atomic Energy of Canada Limited designated as implementing agent by the Government of Canada on the involvement of Canada in the European Atomic Energy Community contribution to the engineering design activities (EDA) for the International Thermonuclear Experimental Reactor (ITER)
- MEMORANDUM of Understanding for cooperation between the European Atomic Energy Community and the Government of Canada in the field of controlled nuclear fusion

- AGREEMENT in the form of an exchange of letters between the European Atomic Energy Community (EURATOM) and the Government of Canada, amending the Agreement between the European Atomic Energy Community (EURATOM) and the Government of Canada of 6 October 1959 for cooperation in the peaceful uses of atomic energy
- AGREED Minutes to the Agreement in the form of an exchange of letters between the European Atomic Energy Community (EURATOM) and the Government of Canada, amending the Agreement between the European Atomic Energy Community (EURATOM) and the Government of Canada of 6 October 1959 for cooperation in the peaceful uses of atomic energy
- AGREEMENT between the Government of Canada and the European Communities regarding the Application of their Competition Laws
- AGREEMENT between Canada and the European Community on Customs Cooperation and Mutual Assistance in Customs Matters
- AGREEMENT between the European Community and Canada establishing a Cooperation Programme in Higher Education and Training
- AGREEMENT between the European Community and the Government of Canada Renewing a Cooperation Programme in Higher Education and Training
- AGREEMENT between the European Community and the Government of Canada on Sanitary Measures to protect public and animal health in respect of trade in live animals and animals products
- AGREEMENT for Scientific and Technical Cooperation between Canada and the European Community
- AGREEMENT for the conclusion of negotiations between the European Community and Canada under GATT Article XXIV:6
- EXCHANGE of letters between the European Community and Canada on the conclusions of negotiations under GATT Article XXIV:6
- EXCHANGE of Letters on Environmental Co-operation between the European Commission and the Government of Canada, 1975
- AGREEMENT between the European Economic Community and Canada concerning trade and commerce in alcoholic beverages
- AGREEMENT on international humane trapping standards between the European Community, Canada and the Russian Federation
- Mutual Recognition Agreement - Conformity Assessment, 1998
- Joint Statement on Electronic Commerce in the Global Information Society, December 1999